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## Year-End Planning - Individuals 70 ½ or Older Should Consider Charitable Gifts from IRAs

*December 20, 2011 by Steven M. Saraisky*

The Internal Revenue Code currently provides a tax break for individuals age 70 ½ or over to make distributions of up to \$100,000 from an IRA to a charity and exclude the distributions from taxable income. This generally results in tax savings compared to either (1) the taxpayer making charitable gifts using other, after-tax assets, or (2) the taxpayer taking a distribution from his or her IRA and then contributing the distributed funds to a charity. Because the amount distributed from the IRA to charity is not included in taxable income, it is not subject to the 50%/30%/20% of AGI limitations on charitable deductions.

This provision is set to expire on December 31, 2011. Taxpayers who are planning year-end charitable contributions should consider whether the contribution may be completed using IRA assets.

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